

PERFORMANCE AUDIT REPORT

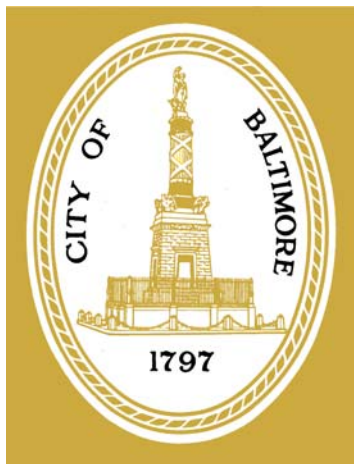
CITY OF BALTIMORE

**DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT**

**CONSTRUCTION AND BUILDINGS INSPECTION
DIVISION**

**BUILDINGS AND CONSTRUCTION PERMITTING
PROCESS**

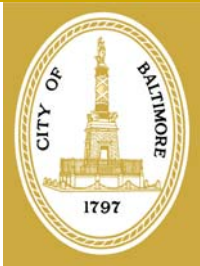
MARCH 2002



City of Baltimore
Department of Audits

CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



DEPARTMENT OF AUDITS

YOVONDA D. BROOKS, CPA
City Auditor

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March 11, 2002

Honorable Joan M. Pratt, Comptroller
And Other Members of the Board of Estimates
City of Baltimore

We conducted an audit of the buildings and construction permitting process administered by the Department of Housing and Community Development's Construction and Buildings Inspection Division (C&BI) for the period from July 1, 1999 through June 30, 2000. The purpose of our audit was to evaluate policies and procedures used to issue permits relating to the construction and alteration of buildings and structures and the collection of the associated fees, and to recommend improvements where needed.

The objectives of our audit were: (1) to determine whether adequate internal accounting and administrative controls existed, (2) to ensure that revenue amounts collected were properly assessed in accordance with applicable laws and regulations, and (3) to determine if revenues were adequately safeguarded, promptly deposited and properly recorded.

Our audit disclosed that adequate procedures did not exist to ensure that applicable laws and regulations were consistently followed, and we recommend that the Construction and Buildings Inspection Division:

- Develop written policies and procedures and provide staff training to ensure that LAND Summary Reports are reviewed and reconciled.
- Establish written policies and procedures to ensure that waived permit fees are approved and documented.
- Require payment of fees prior to issuance of permits.
- Routinely review the Customer Information Control System (CICS) access timely and properly restrict print and update authority.
- Generate LAND System reports to provide information for the reliable tracking of final inspections and expired permits.
- Enter the "known as" property address in the LAND System when the primary address is insufficient to accurately identify the location of the property.
- Modify the LAND System to automate fee calculation and input.

- Implement fully the Greater Baltimore Committee's recommendations regarding the permitting process.

We appreciate the cooperation and assistance provided by the staff members of the Department of Housing and Community Development's Construction and Buildings Inspection Division while conducting this audit. Their knowledge and assistance were instrumental to the completion of this audit.

Respectfully submitted,

Yovonda D. Brooks, CPA
City Auditor

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Background Information

The Department of Housing and Community Development's Construction and Buildings Inspection Division (C&BI) administers the City's buildings and construction permitting process. The C&BI is responsible for engineering, design, contract development, construction and inspection operations in connection with urban renewal projects, public improvement projects, architectural design, and inspection of demolition, including site improvement work. The C&BI's responsibility also includes the issuance of building, construction, alteration, electrical and mechanical installation permits.

The mission of the C&BI is public safety, with a concentration on safety for buildings and structures. Its mission is achieved through enforcement of all national and local construction and building standards. The major revenues generated from the permit system are through the issuance of permits for new construction, alterations, change in occupancy, and demolition of buildings; the investigation of complaints from the public; and the enforcement of all building code regulations.

The Baltimore City Building Code, Section 112, requires the C&BI to collect permit fees and to impose fines and penalties, as necessary, for all building and construction projects. Using the City of Baltimore's Geographic Information System (GIS), the Mayor's Office of Information Technology (MOIT) created a central computerized LAND System to process and issue permits. The primary address of each property is used to access records in the LAND System. The Office Services personnel of the C&BI enter all permit fees into the LAND System and issue each permit showing a description of the work to be completed and inspected. With the exception of postcard permits, which are used for minor electrical, mechanical and building repairs, all permits are issued through the LAND System. Final inspection of the property to approve the work completed is required for all permits issued. The LAND System provides summary reports to the C&BI of its permit activity. Fiscal year 2000 revenues were approximately \$5.3 million for all permits issued.

The following is a summary of revenues generated from the issuance of permits during fiscal year 2000, as reported in the City's accounting records:

<u>Revenue Type</u>	<u>Amount</u>
Building construction permits (except postcard permits)	\$ 2,762,267
Electrical installation permits (except postcard permits)	734,735
Filing fees	507,478
Mechanical equipment permits (except postcard permits)	506,299
Plumbing permits	282,807
Postcard permits (minor building, electrical and mechanical repairs)	282,354
Miscellaneous building inspection revenue	183,970
Periodic inspections	14,077
Elevator permits	<u>5,136</u>
Total fiscal year 2000 revenues	<u>\$ 5,279,123</u>

Audit Scope, Objectives and Methodology

We conducted a performance audit of the buildings and construction permitting process administered by the Department of Housing and Community Development's Construction and Buildings Inspection Division (C&BI) for the period from July 1, 1999 through June 30, 2000. Our audit was conducted in accordance with generally accepted *Government Auditing Standards* related to performance audits, issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures we considered necessary in the circumstances.

The objectives of our audit were to determine whether adequate internal accounting and administrative control policies and procedures existed to ensure that the revenue amounts collected were proper and assessed in accordance with the applicable laws and regulations; that revenues were properly monitored, adequately safeguarded, promptly deposited, and properly recorded; and to recommend any necessary improvements.

To accomplish our objectives, we obtained an understanding of the policies and procedures used to process permits through discussions with pertinent staff of the C&BI and the review of applicable forms, documents and reports used to account for the permit activities. We observed the permitting process and reviewed Article 32 of the Baltimore City Building Code. We also performed various tests of revenue transactions to determine whether collected revenues were deposited and properly recorded.

Our audit findings and recommendations are detailed in the Findings and Recommendations section of this report. The Department of Housing and Community Development's Construction and Buildings Inspection Division's response to our findings and recommendations is included as an appendix to this report.

Findings and Recommendations

Issuance and Monitoring of Permits

Background

The C&BI follows City cash collection policies and procedures in its permit fee collection process. A Collection Division cashier was assigned to the permit office on a full-time basis. All receipts remained in the cash register until the end of the day and were then bagged and placed into a safe until the next morning for armored pick-up. The validated permits, cash slips and filing fee applications were totaled by the cashier, reconciled to the cash register tape, batched, and sent to the City's Collection Division. The Collection Division sent permits, cash slips and filing fee applications to the City's Accounting Operations Division to be entered into the City's accounting records.

The C&BI policies and procedures for the issuance of permits are designed to ensure compliance with the Baltimore City Building Code. Inspectors in the Office Services Division of the C&BI determined permit fee amounts, using Section 112 of the Code, which contains permit fees that were to be applied using the work description and category on the permit application. Permits were printed and issued to the applicant. Issued permits were validated by the cashier upon payment by the applicant. All work listed on the permit required both periodic and final inspection. This process assured that construction and alterations to property in Baltimore City met all national and local standards and that contractors had a valid license. Summary reports for "Issued", "Not Issued", "Void" and "No Charge" ("NC") permits were provided by the LAND System. During fiscal year 2000, there were 20,630 issued permits, 1,652 permits classified as not issued, 630 as no charge, and 22 as void in the LAND reports.

There were 1,652 permits, with fees totaling \$206,461, in the Permits Not Issued LAND report for the period from July 1, 1999 through June 30, 2000, consisting of:

<u>Permit Category</u>	<u>Permit \$ Value</u>	<u>No. of Permits</u>	<u>% of \$ Value</u>
Murphy Homes Rental Housing permits	\$198,089	254	95.9%
Permit fees reported in the City's accounting records	4,754	47	2.3%
Permit fees not reported in the City's accounting records	3,618	29	1.8%
Permits not yet issued	0	1,322	0%
Total permits not issued	<u>\$206,461</u>	<u>1,652</u>	<u>100.0%</u>

There were 652 permits in the No Charge Permits and Void Permits LAND reports for the period from July 1, 1999 through June 30, 2000, consisting of:

<u>Permit Category</u>	<u>Number of Permits</u>	<u>% of Total</u>
Demolition	346	54.9%
BUILD/Enterprise Nehemiah	205	32.5%
Mayor and City Council	56	8.9%
Housing Authority of Baltimore City	1	0.2%
No fee	3	0.5%
Miscellaneous	19	3.0%
Total no charge permits	630	100.0%
Void permits	22	
Total no charge and void permits	652	

Conclusions

The C&BI did not establish properly defined written policies and procedures to ensure the accuracy and completeness of the information contained in the LAND System. The LAND Summary Reports were not periodically reconciled to the C&BI's cashier validation records and to control totals. Adequate controls were not in place to monitor the waiving of permit fees. The C&BI did not properly review, monitor and supervise employee access to the LAND System for generating permits. The C&BI did not consistently perform final property inspections or follow-up property inspections for expired permits to ensure that extensions and amendments to permits were properly issued. The C&BI did not consistently perform or document final property inspections and follow-up property inspections for expired permits. The C&BI did not consistently identify accurate property addresses in the LAND System. The C&BI did not consistently calculate permit fees in the permit applications in accordance with the City's fee schedule. The C&BI has not yet implemented all of the Greater Baltimore Committee recommendations.

Finding #1

Adequate policies and procedures to review and reconcile summary reports generated by the LAND System were not established.

Analysis

The C&BI did not have written policies and procedures to review and reconcile summary reports generated by the LAND System. Summary reports were not periodically reconciled to control totals to ensure the completeness of the reports. The C&BI issued 22,896 permits during fiscal year 2000 according to the LAND System control total, but the LAND Summary Reports totaled 22,934 permits, a difference of 38 permits.

Fiscal Year 2000
Reconciliation of Control Totals to LAND Summary Reports

Beginning permit application number	125,498
Ending permit application number	<u>148,394</u>
Total permit application numbers issued (System Control Total)	22,896
Total permit applications per LAND reports	<u>22,934</u>
Difference	<u>(38)</u>

Permits by LAND Summary Report Classification

<u>Permit Classification</u>	<u>No. of Permits</u>
Issued permits	20,630
Permits not issued	1,652
No charge/no fee permits	630
Void permits	<u>22</u>
Total permit applications per LAND summary reports	<u>22,934</u>

The C&BI did not reconcile the LAND Summary Reports to the cashier validation records and identify and investigate differences. Permit revenues recorded in the City's fiscal year 2000 accounting records totaled \$5,279,123. Fees charged in the LAND Summary Report for permits issued during fiscal year 2000 totaled \$4,940,966. Differences between the LAND Report and the City's accounting records occurred because the LAND Report did not include postcard permit fees, application fees paid prior to the issuance of a permit, certain fees that were not included on permits and permits incorrectly classified as not issued. The City's accounting records did not include fees for which checks had been returned for insufficient funds and permits issued for which payment had not yet been received.

We reviewed fiscal year 2000 LAND Summary Reports to determine if they were complete, if report classification was accurate and if fees were properly charged. There were errors and discrepancies in the Summary Reports, particularly in the Permits Not Issued Report. We determined that, due to a flaw in the programming of the LAND System, there were permits that were issued which were incorrectly included in the Not Issued Report. The program would remove the date on the permit if the operator was in the override mode, making it appear that the permit had not been issued. Permits that were in the Not Issued Report were not included in the tape sent to the State of Maryland for property assessments. As a result of our review, this override programming flaw was corrected by MOIT on April 4, 2001.

We also determined that the Not Issued Report contained 254 permits issued to Murphy Homes Rental Housing for which fees were not collected. The C&BI stated that fees

were waived for these permits, however, no waivers were found. As a result of our review, Murphy Homes Rental Housing was billed \$198,089 by the C&BI for these 254 permits on June 1, 2001. There also were 47 permits totaling \$4,754 in the Not Issued Report that were issued, validated and associated fees were included in the City's accounting records.

Recommendation #1

We recommend that the C&BI develop written policies and procedures to periodically review LAND Summary Reports and to periodically reconcile these reports to cash validation records and control totals. We recommend that the C&BI modify accounting records or maintain additional records to accommodate the reconciliation process. The C&BI should use these records, the daily Transmission Edit Report from the City's Collection Division and the daily cash register tapes to assist in the reconciliation process. The C&BI should provide staff training to ensure that these policies and procedures are understood and followed. Permits classified in the LAND System as not issued, which are unlikely to ever be issued, should be reclassified as void. While the override programming flaw has been corrected by MOIT, we recommend that the C&BI limit the override function to supervisors of the Office Services Division. Finally, we recommend that the Director of the C&BI approve all override transactions.

Finding #2

The payment of fees prior to the issuance of permits was not required.

Analysis

The C&BI permitting process allowed applicants to take possession of the permit prior to payment of fees by the applicant. Applicants were given the permits and allowed to review them before paying the fees. These applicants were instructed to take the permit to the cashier and pay the permit fees when they completed their review. The cashier validated the permit upon payment by the applicant thereby creating a legal document. Allowing the applicant to take possession of the permit prior to paying the fees provides opportunity for improper use of the permit. In addition, those permits that are issued but never validated cause reconciliation problems between the City's accounting records and the LAND System.

Recommendation #2

We recommend that the C&BI establish procedures to require payment from the applicant prior to issuance of the permit.

Finding #3**The waiving of permit fees was not adequately monitored.****Analysis**

The C&BI did not have adequate internal controls in place to monitor the waiving of permit fees. The C&BI's policy required written approval of all permit fees waived. However, permits in the No Charge Summary Report were not monitored or reviewed for evidence of approval, resulting in the issuance of permits without adequate supporting documentation or proper approval. Approval waivers were not available for 346 permits with estimated fees of \$86,000 listed as demolition for the Department of Housing and Community Development (DHCD) in the No Charge Summary Report for fiscal year 2000. Permit fees should have been charged for numerous Housing Authority of Baltimore City (HABC) properties included in this listing. We tested 10 of 22 miscellaneous/no fee permits included in the No Charge Summary Report and found nine that did not have adequate documentation supporting waiver of the permit fees.

Recommendation #3

We recommend that the C&BI establish written policies and procedures for the waiving of permit fees. We also recommend that the C&BI monitor and review permits included in the No Charge Summary Report to ensure that all waived fees are properly approved. Permit fees and documentation supporting fee waivers should be included with permits for all No Charge permits issued. Lastly, we recommend that the C&BI include demolition permit fees in the liens attached to privately owned properties, and charge HABC the appropriate permit fees.

Finding #4**Employee access to the LAND System was not monitored and reviewed, and users' print and update authority was not properly restricted.****Analysis**

The C&BI did not monitor and review the CICS access to the LAND System and did not properly restrict users' print and update authority. We obtained the "CICS Authorized Access" report, as of March 15, 2001, which listed 50 employees that had authorized update access on the LAND System. Twenty-six of these employees were no longer employed or were not known to the management of the C&BI. Of these 26 former or unknown employees, 15 had the capability to issue permits. We also determined that, of the 24 known employees with update authorization, 12 could issue permits, and of these 12, only seven were assigned to Office Services Division, while five were employed in other sections of the DHCD.

Recommendations #4

We recommend that the C&BI monitor and restrict the access to the permit print function of the LAND System to a limited number of Office Services Division employees and the Director of C&BI. We also recommend that the C&BI limit the update function to a limited number of employees in the Zoning and Office Services

Divisions, and to the Director of the C&BI. The management of the C&BI should routinely review and update the CICS listing.

Finding #5

Final property inspections or follow-up property inspections for expired permits to ensure that extensions and amendments to permits were properly issued were not consistently performed.

Analysis

The C&BI did not consistently perform or document final property inspections and follow-up property inspections for expired permits. In our test of 30 permits, there were 10 expired permits for which final inspections were not performed or extension or amendment permits were not issued.

The results of the final property inspections were to be entered into the inspector's report program of the LAND System after a final inspection was completed by the inspector. However, if the permit had expired, a final inspection was not done until an extension was filed. Per the Building Code fee schedule: "... if application for extension is made within 30 days after the permit expires, the fee for the extension is \$25. If application for extension is made more than 30 days after the permit expires, the fee for the extension is 50% of the original permit fee. Alternatively, applicant may apply for a new permit for the work remaining, with fee for that permit to be based on scope of remaining work." Final inspections were to be made to determine if work was completed within national and local building code standards, which ensured building safety.

The C&BI management stated that the inspections may have been performed and an extension may have been required, however, a lack of staffing caused a backlog of inputting inspections into the LAND System and the filing of extension or amendment information.

Recommendation #5

We recommend that the C&BI request that the MOIT modify the LAND System to generate reports which will provide information for the reliable tracking of final inspections and expired permits. We also recommend that the C&BI perform final inspections or follow-up inspections for all expired permits and that data be recorded into the LAND System in a timely manner.

Finding #6

Property addresses in the LAND System were not consistently identified.

Analysis

The C&BI did not consistently record property addresses in the LAND System to accurately determine the exact location of the property. The LAND System's primary property address was obtained from the City's land records for all permits processed.

The LAND System also included a field for the “known as” property address. The known as field was to be used to identify the property when the primary address was not adequate to do so. We noticed that several properties had a large number of permits (for example, 2505 Maisel Street had 99 permits, 807 Cherry Hill Road had 75 permits and 2701 Boston Street had 64 permits). We were informed by the C&BI that in these instances, the permits should have listed the known as address in the LAND System to properly identify the property. We found, however, that the known as address information was not consistently entered into the LAND System when needed.

Recommendation #6

We recommend that the C&BI enter the actual street address in the known as property address field in the LAND System when the primary address field does not accurately identify the location of the property.

Finding #7

Permit fees in the permit applications were not consistently calculated in accordance with the City’s fee schedule.

Analysis

The C&BI did not consistently calculate permit fees in the permit applications in accordance with the City’s fee schedule. The permit fees entered in the permit applications by the inspectors did not consistently agree with the fee descriptions included in Section 112 of the Baltimore City Building Code’s fee schedule. These fees were based on the category and work description entered by the applicant. The C&BI inspectors manually determined and entered permit fees in the permit application. Using the applicant’s information, the inspector entered the fees in the fee column of the permit application. The fees charged were based on the inspector’s interpretation of the fee schedule. Automation of the fee calculation and input processes would reduce mathematical errors, input errors and errors caused by improper interpretation of the fee schedule.

Recommendation #7

We recommend that the C&BI request MOIT to modify the LAND System to automate the calculation and input of fees charged for permits, using the fee schedule in Section 112 of the Baltimore City Building Code.

Finding #8

Recommendations made by the Greater Baltimore Committee on the permitting process were not fully implemented.

Analysis

The C&BI has not yet implemented all permitting process recommendations made by the Greater Baltimore Committee (GBC). The GBC issued a management and efficiency report on July 25, 2000 covering five key government Departments of the City of

Baltimore. The Department of Housing and Community Development's permitting process was included in the report. The report stated that the permitting process was inconsistently administered and unnecessarily difficult and time consuming for applicants and included six recommendations to improve the process. These recommendations included: integrate and coordinate the permit approval process, develop written procedures for permit application review and approval, train inspectors and clerks on the permitting process, require Building and Housing Inspectors to proactively police unpermitted construction projects, develop clear and simple brochures to inform citizens, and randomly poll permit applicants on their experience.

Recommendation #8

We recommend that the C&BI fully implement the Greater Baltimore Committee's recommendations regarding the permitting process.

APPENDIX I

**DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT**

**CONSTRUCTION AND BUILDINGS INSPECTION
DIVISION'S**


RESPONSE

TO THE

PERFORMANCE AUDIT

AND

AUDITOR'S COMMENTS ON RESPONSE

FROM	NAME & TITLE	Paul T. Graziano, Commissioner	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Dept. of Housing & Community Development 417 E. Fayette Street – 13 th Floor		
	SUBJECT	Performance Audit Report		

TO

DATE:

Ms. Yovonda D. Brooks, CPA
City Auditor
City Hall

March 1, 2002

As requested, attached is Construction and Buildings Inspection's response to the Performance Audit Report.

Should you have any questions, please contact Mrs. Dorreya Elmenshawy, Director of Permits and Codes Enforcement, on Extension 6-3540.

Attachment

PTG:DE:pms

cc: Mr. David Lamantia
Mr. Robert McCarty
Ms. Darlene Armstrong
Ms. Denise Duval
Ms. Dorreya Elmenshawy
C&BI File
Chron

CONSTRUCTION AND BUILDINGS INSPECTION PERMITS & CODES ENFORCEMENT

RESPONSE TO AUDITOR'S REPORT

Finding #1

Adequate policies and procedures to review and reconcile summary reports generated by the LAND system were not established.

Response

By mid-April, 2002, we will have implemented a new Automated Workflow Permitting System (AWPS). With the introduction of this technology, we will take the opportunity to develop written policies and procedures in order to ensure the proper application of our business rules in the new system. This system contains a corresponding cashiering module, which will also be implemented. The plan is for the City's cashier to record permit payments in the new cashier system, thus eliminating the error factor in having a typist "type" the fees on to the permit. Once the permit components are entered into the system, fees will automatically be calculated, and included in the printed permit. The City cashier will enter the permit number in AWPS, and access the correct amount due. The payment will be processed within the AWPS family of products. As a result, we will develop a procedure by which we will print a daily report showing all permits processed, and the details concerning the fee dollars collected for each of those permits. This report will enable us to reconcile data from the AWPS with data from the City Cashier system. Thus providing us the ability to reconcile the information contained in both the permitting and the financial systems.

With the new system, we will run a monthly report of all permits that have not been issued. We will analyze the results of this report and identify the non-issued permits to be reclassified as Void.

By establishing the proper security classifications in AWPS, all override functions can be limited to the supervisory level. Thus all

overrides will require the approval of a supervisor in order for process to continue.

Finding #2

The payment of fees prior to the issuance of permits was required.

Response

This practice will change with the implementation of our new permitting system, AWPS. The new system contains a security mechanism that prevents the issuance of a permit unless the fees have been processed and paid through the AWPS cashier module. Our staff will have the ability to print a "draft" copy of the permit which the customer will review for accuracy, and present to the City cashier for payment. All permit details including fees due will be reflected on the Draft. However, the City seal and the permit number will not be printed. The draft will also reflect the word "**DRAFT**" in bold across the top, thus indicating that it is not a valid permit. Once the fees have been paid through the system, the ability to issue the actual permit will be released.

Finding #3

The waiving of permit fees was not adequately monitored.

Response

With the implementation of the new system, security measures will be put into place. The plan is to create written policies and procedures for recording the waiving of fees in the new system. Additionally, an "Activity" will be created in the system, to indicate that fees are being waived. This indicator will require that fees be paid unless the item is "signed off" by someone with the proper authority to do so. This Activity will also contain a "Notes" area where the person authorizing the fees to be waived will indicate the reason for the approval, as well as provide a reference to any documentation supporting the waiver. Said documentation will then be attached to the application and scanned. AWPS security levels will enforce the sign-off rules established by the department.

All demolition permit fees will be duly recorded and tracked, although waived. Since the City (CBI) is not incurring any expense for the Demolition permit, it would not be appropriate to charge the property owner for permit fees in the form of a lien.

Finding #4

Employee access to the LAND system was not monitored and reviewed and users' print and update authority was not properly restricted.

Response

As of October 31, 2001, the necessary adjustment of the access list has been made. The existing employee access to the LAND system has been purged, removing the names of the persons who should no longer have the authority to access the system. Access to the system is now given to a limited number of staff members and this access will continue to be monitored and updated periodically.

Finding #5

Final property inspections or follow-up property inspections for expired permits to ensure that extensions and amendments to permits were properly issued were not consistently performed.

Response

The new system will enable us to change some of our processes in order to work more efficiently. The plan is to circumvent this issue by printing weekly reports of all permits expiring in the next 30 days. These reports will be printed by district and distributed to the appropriate inspector. For example, on Friday, 3/8, a report would be printed showing all permits expiring on or before 4/8. This report will be printed by the superintendents, thus giving them a full picture of the items to be worked on by each of their inspectors. In other words, having this information will enable the superintendents to shift workloads as needed. It will also provide our inspectors with a tool that will enable them to work proactively.

In AWPS, all inspections are “Activities” in the system and are very specific as to the type. When inspections are scheduled, the appropriate Activity is used to indicate the date and inspector name. As inspections occur, the results are recorded and signed-off by the appropriate inspector, using the same “Activity” under which it was originally scheduled. The system will contain an Inspection Activity specifically labeled “Final Inspection”. Once this particular inspection has been conducted and the findings have been recorded, the action of signing-off the “Activity” will automatically change the “status” of that permit from “Issued” to “Finaled” thus indicating that no further action will be required.

By obtaining weekly reports, we can effectively track expiring permits for which action is required, as well as expiring permits for which action has been taken.

Finding #6

Property addresses in the LAND system were not consistently identified.

Response

AWPS will contain all of the permits issued in the LAND system. Since the new system is driven by the real estate information, we will have the ability to locate any and all permits issued by the address information. The functionality of AWPS does not restrict the number of addresses that can be associated with a particular block and lot. Additionally, the system enables a user to search for a permit based on the addresses for which that permit was issued, including “known as” addresses. This new system treats a “known as” address as simply another address pertaining to a particular block and lot.

Finding #7

Permit fees in the permit application were not consistently calculated in accordance with the City’s fee schedule.

Response

One of the functions of the new permitting system is the ability to perform the mathematical calculations of fees based on the details entered for the permit. The City's fee schedule will be entered into the system in order to facilitate that effort. For example, by entering the type and number of Plumbing or Electrical fixtures to be installed at a job site, the system will automatically calculate the appropriate fees to be charged, based on the type and quantity of fixtures. The security aspects of AWPS will prevent all but designated individuals from changing or updating the established fee parameters. Additionally, the system's security settings will not allow the unauthorized removal of this "tag".

Finding #8

Recommendations made by the Greater Baltimore Committee on the permitting process were not fully implemented.

Response

Compliance with the recommendations made by the GBC is targeted for April 2002, as follows:

The new permitting system will allow for inter-agency sign-offs via the system's Intranet module. CBI staff will "Assign" referral to the various agencies, and these agencies will have the ability to review and respond to the assigned referrals via the Intranet.

Written procedures surrounding the use and existing departmental business rules will be written and disseminated prior to going live with the new system. Dry runs will be scheduled prior to go-live, at which time the LAND system and the AWPS will be run in parallel environments, thus identifying any modifications that need to be made to existing procedures.

With the advent of the new permitting system, we will engage all inspectors and clerks in the details of the process. Training will be provided to all members of CBI, with focus on the established departmental business rules, as well as the new processes that will be uncovered by utilizing the new system.

Providing the inspectors with accurate information while in the field will enable them to quickly report unauthorized construction activity. With the use of the new system, the inspectors will have the ability to access existing permit information residing in AWPS. If no permit is found, the inspector will attach a "tag" or notice to the property in question. This information will be available to all users of the system who are engaged in processing the application. The end result will be increased efficiency in collecting the appropriate fees from the applicant.

**AUDITOR'S COMMENTS ON
THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S
CONSTRUCTION AND BUILDINGS INSPECTION DIVISION'S RESPONSE
TO THE PERFORMANCE AUDIT**

The response of the Department of Housing and Community Development's Construction and Buildings Inspection Division's (C&BI) to our performance audit is included in this appendix. While the corrective actions outlined in the C&BI's response adequately address most of our findings and recommendations, there is one statement in the C&BI's response that we believe requires clarification.

FINDING #3 – THE WAIVING OF PERMIT FEES WAS NOT ADEQUATELY MONITORED.

We recommended that the C&BI include demolition permit fees in liens attached to privately owned properties as an expense associated with permit work. The C&BI stated in its response that it would not be appropriate to charge the property owner permit fees in the form of a lien since C&BI does not incur any expense for demolition permits. We do not believe that the charges for the issuance of permits should be based upon whether or not expenses are incurred by C&BI.